

AR79

Annual Report 1963



Highlights

HOME ENTERTAINMENT

Stereo Hi-Fidelity

Television

Radios

Electronic Organs

Phonographs

HOME FURNISHINGS

Deilcraft Tables

Bedroom Suites

Dining Room Suites

Lamps and Fixtures

HOME COMFORT

Fans

Humidifiers

Air Purifiers

Dehumidifiers

Electric Heating

Intercoms

COMMERCIAL PRODUCTS

Plastic Welders

Lighting Fixtures

Fractional HP Motors

Induction Heating

	1963	1962
SALES	\$24,719,297	\$21,198,502
NET INCOME	645,379	512,925
EARNINGS PER SHARE	1.25*	1.21
INCOME TAXES	495,000	505,000
DEPRECIATION	228,842	185,871
EMPLOYEES' PROFIT SHARING RETIREMENT PLAN	233,568	175,671
WORKING CAPITAL	5,592,908	3,557,937
FIXED ASSETS (net)	2,077,561	1,626,818
FUNDED DEBT	799,000	831,000
SHAREHOLDERS' EQUITY	6,980,529	4,488,388
NUMBER OF EMPLOYEES	1,663	1,542

*After allowance for preferred share dividend paid and accrued.

Dominion Electrohome Industries, Limited

Directors

*C. A. POLLOCK, Chairman

*C. ALLGEIER

W. A. BEAN

*H. W. MAIN

MRS. C. A. POLLOCK

D. R. STEELE

*D. S. SYKES

Division Managers

N. E. BARTLETT, Private Trade Label

G. L. DUERN, Product Styling

S. P. ENGLERT, Motor and Metal Products

L. F. FITZPATRICK, Consumer Products Merchandising

D. H. JOHNSTON, Consumer Products Engineering

W. J. B. KING, Consumer Products Manufacturing

M. G. MONTEITH, Industrial Relations

H. J. RUETZ, Contracts Consumer Products

Officers

C. A. POLLOCK, President

D. S. SYKES, Executive Vice-President

C. ALLGEIER, Vice-President

H. W. MAIN, Vice-President; President, International Electrohome Inc.

H. I. EBY, Treasurer

W. N. HEMPHILL, Secretary

*Members of the Executive Committee

Directors' report



C. A. POLLOCK
President

TO THE SHAREHOLDERS OF DOMINION ELECTROHOME INDUSTRIES, LIMITED

In 1963 Electrohome experienced another twelve-month period of achievement and dynamic growth. Both sales and profits registered new highs and operations covered broader lines of merchandise and penetrated more markets than ever before.

With pride and justification your Directors and Officers can point to team work at all levels of company endeavour as the motivator responsible for the 1963 expansion and for the continued strengthening of Electrohome's firm business foundation. The basic concepts and philosophies of our 56-year heritage have altered little with the times because of our belief in people. It is the melding of purpose and objectives by dedicated Electrohome men and women which has made this year's report an interesting record of progress.

On behalf of the shareholders, the directors and management, I wish to thank our dealers and distributors, our employee members, the union executive and stewards, our bankers and our suppliers for the part each played in our 1963 operations. The broad base of cooperation afforded by all who have worked with us augurs well for the years ahead.

Sales

Electrohome's 1963 consolidated sales attained a record of \$24,719,000, seventeen percent ahead of the previous year, a gratifying performance following the outstanding expansion in 1962. As well, profitability improved with the consolidated net profit after taxes amounting to \$645,379, a 26 percent increase over 1962. Each area of marketing showed additional strength with the Electrohome **E** taking its place as a symbol of design leadership. All home entertainment products increased in unit and dollar volume, the greatest percentage improvement being recorded by our electronic organ, while the largest unit and dollar growth occurred in stereo and conventional hi-fi, with television a close second. Demands for a second TV set for portable use and of the replacement market as well as the evolving use of colour, presented rewarding new opportunities in the home entertainment field.

United States sales of International Electrohome Inc. were $2\frac{1}{2}$ times that of 1962, a justification of our cautious yet optimistic entry into that market five years ago.

Deilcraft's home furnishing sales operations were consolidated during the year and we anticipate steady growth in our home furnishings area in the years to come. Since TV and hi-fi cabinets constitute important interior decoration components in every home, the unique opportunity provided only by Electrohome and Deilcraft to correlate the styling of furniture and cabinetry is being appreciated by a growing number of homemakers. Well designed lamps have in the last few years added a finishing touch to Deilcraft's contribution to good interior decoration.

As year follows year, Electrohome's expansion in the home appliance and the commercial equipment fields is adding more and more products carrying our trade mark.

Directors' report

They are rounding out the service your company renders to better living in Canada and abroad. Sales in 1963 in all these fields gained over the former twelve months. As well, our Technical Products sold in larger volume.

New developments for and uses of Electrohome's well regarded sub-fractional horsepower electric motors meant more domestic and export sales. Total motor production to date is nearing the six million figure and acceptability in markets abroad attests to production efficiency.

Design and Research

"Electrohome Value", a key company policy for nearly six decades, is based on the simple yet basic approaches of styling leadership, engineering excellence, realistic pricing and superior performance.

Evolving on this product philosophy, Electrohome has developed the most effective engineering, styling, and product research facilities for radio, stereo, and television in Canada. Similar facilities for woodworking, electrical rotating devices, small appliances, and fixtures attest to the company's understanding and appreciation that product and production creativity forms the essential base which induces sound company growth. Total 1963 expenditures on these services was the largest in company history, up 33 percent over 1962.

Each year we have made heavier investments in design and research because our increased competence and how we apply new knowledge directly and most dramatically influences our sales.

Facilities

The past year was the most significant in the company's history in the important fields of long-term planning and the completion of new facilities. A new head office, including a most attractive showroom, became a reality and afforded operating coordination and economies previously unavailable. With more key staff services under "one roof", operations during the years ahead will be more efficient. Installation in the new office of an advanced Univac solid state computer and ancillary equipment was required to cope with the larger volume of accounting. At the same time, this system allows for business growth, will enable better control of inventories and provide more prompt tabulation of forecasts and operating results. An objective for the coming year is to improve our inventory turnover.

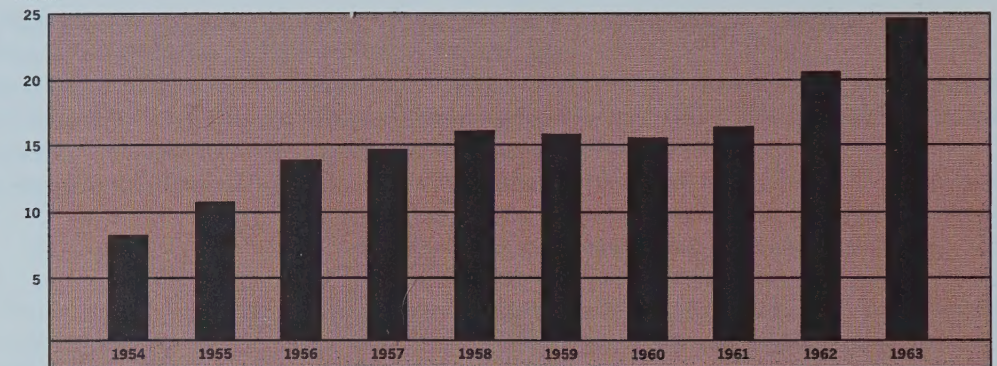
The costs of our physical decentralization of operations in eight locations throughout the Twin Cities, made necessary by our rapid growth, has required special attention. The efficient movement of materials by the Commercial Services Department has resulted in the adoption of a "containerization" program which has proved to be very effective.



D. S. SYKES
Executive Vice-President

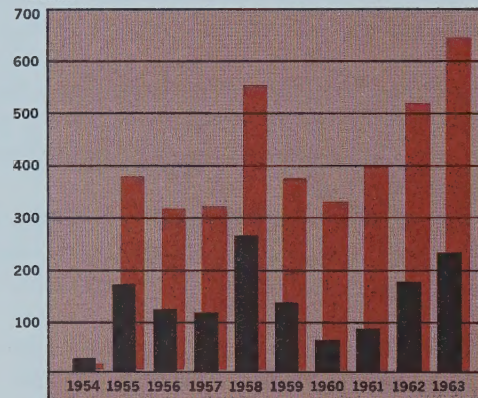
Directors' report

Millions of Dollars
Sales



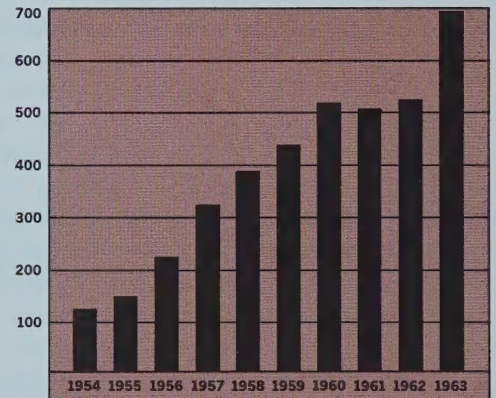
Thousands of Dollars

Net Profit ■ **Profit Sharing** ■



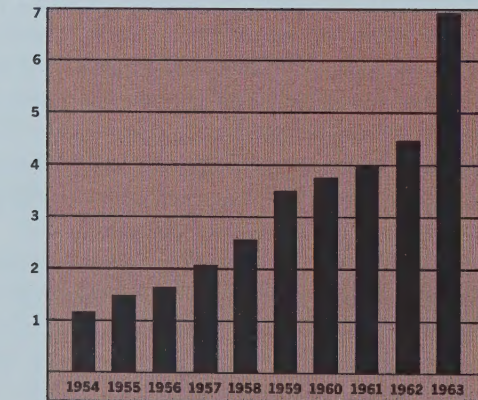
Thousands of Dollars

Expenditures—Engineering and Design



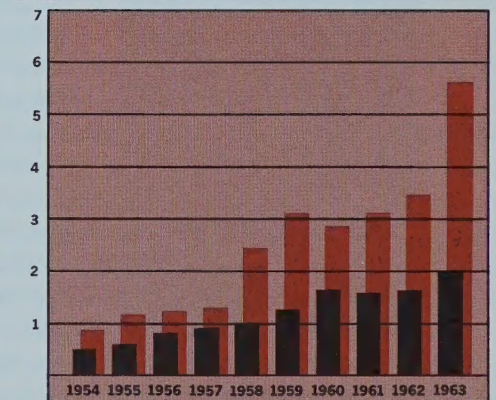
Millions of Dollars

Shareholders' Equity



Millions of Dollars

Working Capital ■ **Fixed Assets** ■



Directors' report

More production space for Deilcraft furniture and manufacturing, stereo, hi-fi, radio and electronic organ building, and motor operations, demonstrates management's attention to growth potentials in these areas. As well, our company policy of constantly up-dating equipment and procedures for all divisions, operational and staff, ensures Electrohome's competitive position on the market.

Highlighting the year was the announcement in the fall of a \$6,500,000 plant expansion. This development in Kitchener's Industrial Park will begin in 1964. A contract has been signed on the first phase of construction of a building of 107,000 square feet at an estimated cost of \$540,000. The complex includes warehousing, electronic and furniture production facilities in the one location and should mean that our operations will be as efficient and modern as the best in North America. These ambitious plans are indicative of our faith in the company's future and should benefit customers, employees and shareholders alike.



H. W. MAIN
Vice-President

President
International Electrohome Inc.

Organization

In the past twelve months, the organizational structure was considerably strengthened by the election of D. S. Sykes to the office of Executive Vice-President of Electrohome and H. W. Main to the post of President of International Electrohome Inc. H. I. Eby and W. N. Hemphill were elected to the respective offices of Treasurer and Secretary. Two additional members were appointed to the Divisional Managers' Committee in the persons of L. F. Fitzpatrick, General Sales Manager, Dealer and Distributor Products Departments, Consumer Products Merchandising, and N. E. Bartlett, Sales Manager, Private Trade Label Division, thereby fortifying our top management team. A new division, under the direction of H. J. Ruetz, was created to operate in the field of product development and to help ensure continued company leadership in the consumer product fields.

Financial Position

During 1963, the company's financial position was strengthened by several actions and by the year's earnings. A \$2,000,000 5¾% preferred stock issue, issued in May 1963 and the taking up of 35,275 common shares through warrants and stock options along with the year's profits increased the capital and surplus to \$6,980,500. Fixed assets increased to \$2,077,500, while funded debt was reduced by \$32,000 and outside investments by \$34,500. All these transactions provided an increase of \$2,035,000 in working capital and an improvement in current ratio from 1.54 to 1.73. Common stock shareholder equity rose to \$4,961,000 or \$10.81 per share outstanding.

Inventories were sharply higher, but in the usual proportion of raw materials, goods in process, and finished goods, and bank loans increased, although not commensurately.

Directors' report



C. ALLGEIER
Vice-President

Profit Sharing

Using the personal involvement of employees as a criterion of success, Electrohome's policy of sharing profits began eleven years ago. The dedicated attitude of an expanding staff of member employees has seen the profit sharing retirement fund grow to almost \$3,000,000. In 1963, a company contribution of \$233,500 was added to the fund which was 33% greater than last year.

Future Prospects

The sales outlook for Canadian manufacturing has never been better. More and more Canadian companies are looking to the United States market, not as a country to which to export, but rather as an extension of our Canadian market. Designs of products and merchandising methods are so similar that good practices, such as Electrohome's franchising policies can be equally effective on both sides of the border. It is our objective in the coming years to earn the right to serve more and more American consumers with our Canadian designed and built products. As an objective, this purpose helps us to produce even better "Electrohome Values".

Our new stereophonic hi-fi units incorporating F.M. multiplexed radio, will be more popular in 1964 than ever before with the introduction of more F.M. stations. Colour television is now a major factor on the United States market and colour telecasting should soon be serving viewers across Canada, thereby opening the path for well over a million new receivers.

As the outlook appears today, all Electrohome and Deilcraft products should be produced and sold in quantities larger than 1963. As part of this prospect, an Export Department was organized at the beginning of this year which means intensified efforts to sell abroad, all of which adds up to our estimate of the 1964 outlook as being very good. You, our Shareholders, may be sure we will be doing our best for Electrohome in the twelve months ahead.

Submitted on behalf of the Board of Directors,

A stylized, handwritten signature in dark ink, appearing to read "C. J. Follis".

President.

Consolidated statements

Income and Retained Earnings

year ended December 31, 1963 (with comparative figures for 1962)

INCOME		
	1963	1962
Sales	\$24,719,297	\$21,198,502
Cost of sales, selling, administrative and financial expenses less sundry revenue	23,064,034	19,763,802
Income for year before undernoted items	1,655,263	1,434,700
Depreciation	228,842	185,871
Interest on funded debt	48,924	51,383
Employees' profit sharing retirement plan	233,568	175,671
Directors' fees	3,550	3,850
	514,884	416,775
Income before undernoted taxes	1,140,379	1,017,925
Taxes on income (note 6)	495,000	505,000
NET INCOME FOR YEAR	\$ 645,379	\$ 512,925

RETAINED EARNINGS		
	1963	1962
Retained earnings at beginning of year	\$ 3,575,653	\$ 3,147,321
Net income for year	645,379	512,925
	4,221,032	3,660,246
<i>Deduct Dividends paid:</i>		
On preference shares	53,324	—
On common shares	180,611	84,593
Commission on issue of preference shares	80,000	—
	313,935	84,593
RETAINED EARNINGS AT END OF YEAR	\$ 3,907,097	\$ 3,575,653

Consolidated Balance Sheet

December 31, 1963 (with comparative 1962 figures)

DOMINION ELECTROHOME INDUSTRIES, LIMITED

Incorporated under the laws of Ontario

AND WHOLLY OWNED SUBSIDIARY COMPANIES

	1963	1962
ASSETS		
CURRENT ASSETS:		
Accounts receivable, less allowance for doubtful accounts	\$ 3,960,000	\$ 2,897,947
Expenditures on construction in progress recoverable on completion	—	264,189
Marketable securities, at cost (market value 1963, \$3,321; 1962, \$2,466)	1,800	1,800
Inventories, at the lower of cost or market (note 2)	9,227,796	6,874,057
Prepaid expenses	44,264	42,987
	<u>13,233,860</u>	<u>10,080,980</u>
OTHER ASSETS:		
Life insurance, cash surrender value	66,410	57,483
Investments in other companies, at cost	42,650	77,150
	<u>109,060</u>	<u>134,633</u>
FIXED ASSETS (note 3):		
Land, buildings, machinery and equipment, at cost	4,244,490	3,585,602
Less Accumulated depreciation	2,166,930	1,958,785
	<u>2,077,560</u>	<u>1,626,817</u>
GOODWILL	<u>1</u>	<u>1</u>
	<u>\$15,420,481</u>	<u>\$11,842,431</u>

Approved on behalf of the Board.
C. A. POLLOCK, Director
D. S. SYKES, Director

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
 DOMINION ELECTROHOME INDUSTRIES, LIMITED:

We have examined the consolidated balance sheet of Dominion Electrohome Industries, Limited and wholly owned subsidiary companies as at December 31, 1963 and the consolidated statements of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

LIABILITIES

	1963	1962
CURRENT LIABILITIES:		
Bank advances, secured	\$ 5,015,286	\$ 3,969,316
Accounts payable and accrued expenses	2,408,009	2,263,922
Income taxes payable	217,657	289,805
	<u>7,640,952</u>	<u>6,523,043</u>
FUNDED DEBT:		
6% Sinking fund debentures maturing July 1, 1978 (note 4)	799,000	831,000
	<u>8,439,952</u>	<u>7,354,043</u>
SHAREHOLDERS' EQUITY:		
Capital stock (note 5):		
Authorized:		
100,000 preference shares, par value \$100.00 each, issuable in series		
1,000,000 common shares without par value		
Issued:		
20,000 5¾% cumulative redeemable preference shares, Series A, issued for cash during the current year . .	2,000,000	—
458,940 common shares (423,665 shares in 1962)	957,641	796,944
	<u>2,957,641</u>	<u>796,944</u>
Excess of book value over purchase price of net assets acquired from other companies less subsequent adjustments	115,791	115,791
Retained earnings	3,907,097	3,575,653
	<u>6,980,529</u>	<u>4,488,388</u>
	<u>\$15,420,481</u>	<u>\$11,842,431</u>

The accompanying notes are an integral part of this statement.

In our opinion the accompanying consolidated balance sheet and related consolidated statements of income and retained earnings present fairly the combined financial position of Dominion Electrohome Industries, Limited and wholly owned subsidiary companies as at December 31, 1963 and the results of their combined operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 28, 1964.

THORNE, MULHOLLAND, HOWSON & MCPHERSON
Chartered Accountants

Notes to consolidated financial statement

1. Principles of consolidation

The consolidated financial statements include the accounts of the two wholly owned subsidiaries, Campbell Electric Limited and International Electrohome, Inc.

The current assets and liabilities of the subsidiary in the United States, International Electrohome, Inc., have been converted into Canadian dollars at the prevailing rate of exchange at the end of the year; its fixed assets, at the approximate rates of exchange when acquired. Operating accounts have been converted at the year-end rate, except for depreciation which is based on the original cost of fixed assets as converted.

2. Inventories

	1963	1962
Finished goods	\$5,657,499	\$4,199,261
Goods in process	1,683,811	1,329,473
Raw materials and supplies	1,886,486	1,345,323
	<u>\$9,227,796</u>	<u>\$6,874,057</u>

3. Fixed assets and accumulated depreciation

	1963		1962	
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 203,749	\$ —	\$ 203,749	\$ 166,006
Buildings	1,071,570	364,482	707,088	542,661
Machinery and equipment	2,847,221	1,741,460	1,105,761	892,592
Automotive equipment	121,950	60,988	60,962	25,558
	<u>\$4,244,490</u>	<u>\$2,166,930</u>	<u>\$2,077,560</u>	<u>\$1,626,817</u>

Depreciation is provided by the straight-line method on buildings at 2½% and 5%, on machinery and equipment at 10% and on automotive equipment at 20%.

The net book value of depreciable fixed assets exceeds the balance of cost deductible in future years for tax purposes by \$448,109.

4. Sinking fund debentures

Under the provisions of the debenture trust deed, the company is obligated to set aside as of July 1, 1964 an amount of \$40,000 for purposes of the sinking fund. Bonds aggregating \$1,000 were purchased and cancelled during 1963 to apply on this obligation.

The company may redeem the whole or any part of the debentures outstanding at amounts varying from 104.50% of the principal amount if redeemed on or before July 1, 1964 to 100.375% if redeemed on or before July 1, 1975, and 100% thereafter.

The debenture trust deed contains certain restrictions relating to the payment of dividends.

5. Capital stock

Series A preference shares are redeemable at \$105.75 per share if redeemed on or before May 1, 1966; \$105.00 per share if redeemed thereafter and on or before May 1, 1969; \$104.00 per share if redeemed thereafter and on or before May 1, 1972; \$103.00 per share if redeemed thereafter.

During the year 35,275 common shares were issued for a cash consideration of \$160,697. Options to purchase 4,050 common shares at \$11½ per share are outstanding and expire April 4, 1964.

6. Taxes on income

Taxes on income have been reduced by \$68,600 (\$10,000 in 1962) because of the company's claiming for tax purposes depreciation to the extent of \$131,918 (\$20,500 in 1962) in excess of the amount provided for the year in the accounts. Included in this amount in 1963 is depreciation on capital equipment costing \$256,800 purchased since June 13, 1963 and on which a rate of 50% is allowable for tax purposes. The net accumulated amount to date by which taxes otherwise payable have been so reduced is \$121,600.

Taxes on income for 1963 have been further reduced by \$50,500 because of the company's intention to claim tax credit for increased research and development expenses.

7. Long-term lease

The company is obligated under a lease agreement to pay an annual rental of \$100,000 for twenty-five years from August 1, 1963.

Consolidated statement

Source and Application of Funds

year ended December 31, 1963 (with comparative figures for 1962)

	1963	1962
SOURCE		
From operations:		
Net income for year	\$ 645,379	\$ 512,925
Depreciation	228,842	185,871
Net book value of fixed asset disposals	133,133	38,391
	<u>1,007,354</u>	<u>737,187</u>
From financing and other:		
Proceeds from issue of capital stock:		
preference shares (net)	1,920,000	—
common shares	160,697	33,319
Proceeds from sale and redemption of		
investments	34,500	4,500
	<u>2,115,197</u>	<u>37,819</u>
	<u>3,122,551</u>	<u>775,006</u>
APPLICATION		
Dividends paid:		
On common shares	180,611	84,593
On preference shares	53,324	—
Reduction in funded debt	32,000	40,723
Additions to fixed assets	812,718	237,259
Increase in life insurance cash surrender value . .	8,927	8,594
	<u>1,087,580</u>	<u>371,169</u>
RESULTING INCREASE IN WORKING CAPITAL . . .	<u>\$ 2,034,971</u>	<u>\$ 403,837</u>

Consolidated 10 year statements

CONDENSED 10 YEAR STATEMENT OF ASSETS and LIABILITIES

	1963	1962
Current assets:		
Accounts receivable	\$ 3,960,000	\$ 3,162,136
Inventories	9,227,796	6,874,057
Marketable securities	1,800	1,800
Prepaid expenses	44,264	42,987
	<u>13,233,860</u>	<u>10,080,980</u>
Current liabilities:		
Bank loan and advances, secured	5,015,286	3,969,316
Accounts payable and accrued expenses	2,408,009	2,263,922
Income taxes payable	217,657	289,805
	<u>7,640,952</u>	<u>6,523,043</u>
Working capital	5,592,908	3,557,937
Life insurance cash surrender value	66,410	57,483
Investments in other companies	42,650	77,150
Fixed assets (net)	2,077,561	1,626,818
Working capital and other assets	7,779,529	5,319,388
Funded debt	799,000	831,000
Shareholders' equity	<u>\$ 6,980,529</u>	<u>\$ 4,488,388</u>
Consisting of:		
Capital stock, —preferred	\$ 2,000,000	
—common	957,641	\$ 796,944
Excess of book value (see balance sheet)	115,791	115,791
Retained earnings	3,907,097	3,575,653
	<u>\$ 6,980,529</u>	<u>\$ 4,488,388</u>

10 YEAR REVIEW STATEMENT OF INCOME

	1963	1962
Sales	\$24,719,297	\$21,198,502
Cost of sales, selling, administrative and financial expenses less sundry revenue	<u>23,064,034</u>	<u>19,763,802</u>
Income for year before undernoted items	1,655,263	1,434,700
Depreciation	228,842	185,871
Interest on funded debt	48,924	51,383
Employees' profit sharing retirement plan	233,568	175,671
Directors' fees	3,550	3,850
	<u>514,884</u>	<u>416,775</u>
Income before undernoted taxes	1,140,379	1,017,925
Taxes on income	495,000	505,000
Net income for year	<u>645,379</u>	<u>512,925</u>
Dividends paid: on common shares	180,611	84,593
on preferred shares	53,324	—
Commission on issue of preferred stock and debentures	80,000	—
Income retained in business	<u>\$ 331,444</u>	<u>\$ 428,332</u>
Shares outstanding**	458,940	423,665
Net income per common share** after allowing for the accrual of preferred dividends to the year end	1.25	1.21
Dividends per common share**40	.20
Common shareholders' equity per share**	10.81	10.59
Net income on equity per common share**	11.54%	11.43%

**The above calculations have been adjusted to reflect the 3 for 1 stock split in 1959 and the number of shares are those outstanding at the year end.

NOTE: The wholly owned subsidiary Campbell Electric Limited, was acquired during 1960 and the accounts are consolidated for 1960 and subsequent years only.

The wholly owned subsidiary, International Electrohome Inc., was incorporated in 1962 and the accounts are consolidated from the date of incorporation.

1961	1960	1959	1958	1957	1956	1955	1954
\$ 2,320,707	\$ 1,963,901	\$ 1,704,354	\$ 1,642,618	\$ 1,437,537	\$ 1,952,661	\$ 1,218,496	\$ 924,971
5,189,311	4,540,049	3,825,072	3,706,127	2,536,037	3,294,859	1,797,445	1,433,609
1,800	1,800	—	—	—	—	—	—
56,634	72,790	54,395	40,729	52,484	54,881	53,742	77,521
<u>7,568,452</u>	<u>6,578,540</u>	<u>5,583,821</u>	<u>5,389,474</u>	<u>4,026,058</u>	<u>5,302,401</u>	<u>3,069,683</u>	<u>2,436,101</u>
2,702,235	2,310,055	710,724	613,063	1,376,285	2,035,100	156,811	510,353
1,516,247	1,316,075	1,623,728	1,933,901	1,227,502	1,771,911	1,402,317	994,634
195,870	39,190	120,333	352,546	117,181	268,500	314,088	3,651
<u>3,665,320</u>	<u>2,454,785</u>	<u>2,899,510</u>	<u>2,899,510</u>	<u>2,720,968</u>	<u>4,075,511</u>	<u>1,873,216</u>	<u>1,508,638</u>
3,154,100	2,913,220	3,129,036	2,489,964	1,305,090	1,226,890	1,196,467	927,463
48,889	43,085	36,924	33,669	30,382	27,203	24,125	21,228
81,650	36,650	36,650	36,650	108,525	56,650	6,500	—
1,613,821	1,631,606	1,283,560	1,002,139	917,782	815,160	598,765	550,749
4,898,460	4,624,561	4,486,170	3,562,422	2,361,779	2,125,903	1,825,857	1,499,440
871,723	913,697	974,571	1,000,000	297,726	351,985	333,500	360,000
<u>\$ 4,026,737</u>	<u>\$ 3,710,864</u>	<u>\$ 3,511,599</u>	<u>\$ 2,562,422</u>	<u>\$ 2,064,053</u>	<u>\$ 1,773,918</u>	<u>\$ 1,492,357</u>	<u>\$ 1,139,440</u>
\$ 763,625	\$ 762,125	\$ 761,525	\$ 112,383	\$ 72,495	\$ 49,971	\$ 26,500	\$ 26,500
115,791	115,791	166,642	166,642	281,949	281,949	281,949	281,949
3,147,321	2,832,948	2,583,432	2,283,397	1,709,609	1,441,998	1,183,908	830,991
<u>\$ 4,026,737</u>	<u>\$ 3,710,864</u>	<u>\$ 3,511,599</u>	<u>\$ 2,562,422</u>	<u>\$ 2,064,053</u>	<u>\$ 1,773,918</u>	<u>\$ 1,492,357</u>	<u>\$ 1,139,440</u>

1961	1960	1959	1958	1957	1956	1955	1954
\$16,321,850	\$15,175,174	\$15,423,644	\$15,421,250	\$14,537,238	\$13,565,044	\$10,513,249	\$ 8,168,506
15,233,976	14,261,759	14,293,511	13,902,434	13,655,848	12,738,473	9,568,404	8,051,069
1,087,874	913,415	1,130,133	1,518,816	881,390	826,571	944,845	117,437
174,320	153,489	147,795	139,028	123,952	102,257	59,582	50,171
53,321	55,885	58,049	37,360	17,874	17,662	19,557	21,275
89,424	66,787	137,619	262,499	117,336	120,450	167,701	24,648
3,500	4,150	4,100	8,000	4,000	4,000	4,000	4,300
<u>320,565</u>	<u>280,311</u>	<u>347,563</u>	<u>446,887</u>	<u>263,162</u>	<u>244,369</u>	<u>250,840</u>	<u>100,394</u>
767,309	633,104	782,570	1,071,929	618,228	582,202	694,005	17,043
369,328	300,000	400,776	519,972	298,580	268,580	321,088	2,651
397,981	333,104	381,794	551,957	319,719	313,622	372,917	13,392
83,608	83,588	81,759	53,476	52,108	55,532	20,000	—
—	—	—	40,000	—	—	—	—
<u>\$ 314,373</u>	<u>\$ 249,516</u>	<u>\$ 300,035</u>	<u>\$ 458,481</u>	<u>\$ 267,611</u>	<u>\$ 258,090</u>	<u>\$ 352,917</u>	<u>\$ 13,392</u>
418,140	417,940	417,790	324,495	312,720	306,390	300,000	300,000
.95	.80	.91	1.70	1.02	1.02	1.24	.04
.20	.20	.20	.16⅔	.16⅔	.18⅓	.06⅔	—
9.63	8.88	8.41	7.90	6.60	5.79	4.97	3.80
9.87%	9.01%	10.82%	21.52%	15.45%	17.62%	24.95%	1.05%

Broad new horizons

Dynamic sales attainment, reflecting consumer confidence in Electrohome products, has created broad new marketing horizons. From every province in Canada came a significant contribution to the \$10,000,000 sales increase during these Soaring Sixties. Equally important has been the fantastic growth of the company's export business, particularly in the United States.

Dominating the spiralling growth pattern has been new product development. Continued acceleration in this critical area brought rewarding product additions. Renowned for many years as the nation's top manufacturer of sight and sound reproduction equipment, and for well designed Deilcraft furniture, Electrohome now boasts several new complementary lines. Challenging in style, performance and function are electronic organs, air conditioners, baseboard heaters and lighting products.

Rising sales have also created a vastly different complex for management. It has meant a sharp increase in employment, the melding of an aggressive total organization, plus the rapid expansion of facilities.

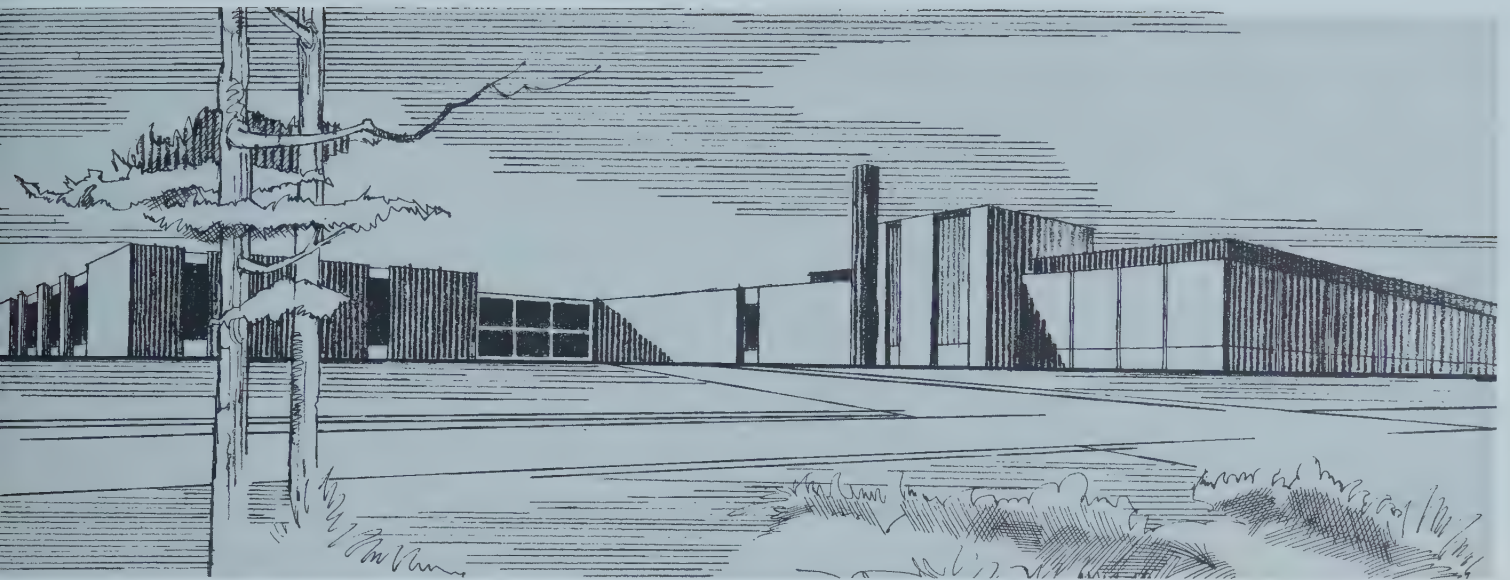
During the past year Electrohome members moved into a spacious new headquarters building. Centralization of facilities and functions have already provided a new measure of efficiency and profitability. Included at this locale are Canada's largest stereo and television research laboratories, plus a tremendously modern and expanded UNIVAC data control nerve center.

In the fourth quarter the company announced an exciting \$6,500,000 plant expansion program. Designed to bring warehousing, woodworking and electronics production under one roof, some 860,000 square feet will be developed. The first phase, warehousing, will be operative in August of 1964.

From this threshold broad new horizons can be viewed with optimism. Long range forecasts indicate continued economic expansion in North America, with strengths in home product merchandising. Family formations will move consumer spending to new heights. The ripening of the Canadian market for colour television will prove rewarding and profitable for Electrohome . . . particularly in view of our U.S. successes in this medium.

Finally, Electrohome's dedication to research and the development of "drawing board" products, suggests a long term continuance of sales and profit trends.





Plans were announced for an exciting, three-stage \$6,500,000 plant expansion program to include facilities for warehousing, woodworking and electronics.

Mid-year occupancy of new Head Office quarters incorporated economies and improved efficiency at all levels of operation.



Electrohome is competition

One of the complexities facing business today is that of being competitive. At Electrohome this philosophy is approached in a different manner. Electrohome views itself as Competition, not just competitive . . . with "Electrohome Value" the key to a concept that has been years in crafting.

Inherent is a basic philosophy of providing products of the finest quality within the price structure that consumers are willing to pay. Design, Engineering, Production and Distribution are definite steps in the fulfillment of this policy.

Attainment on objectives is constantly reviewed—and today the status could be related thusly.

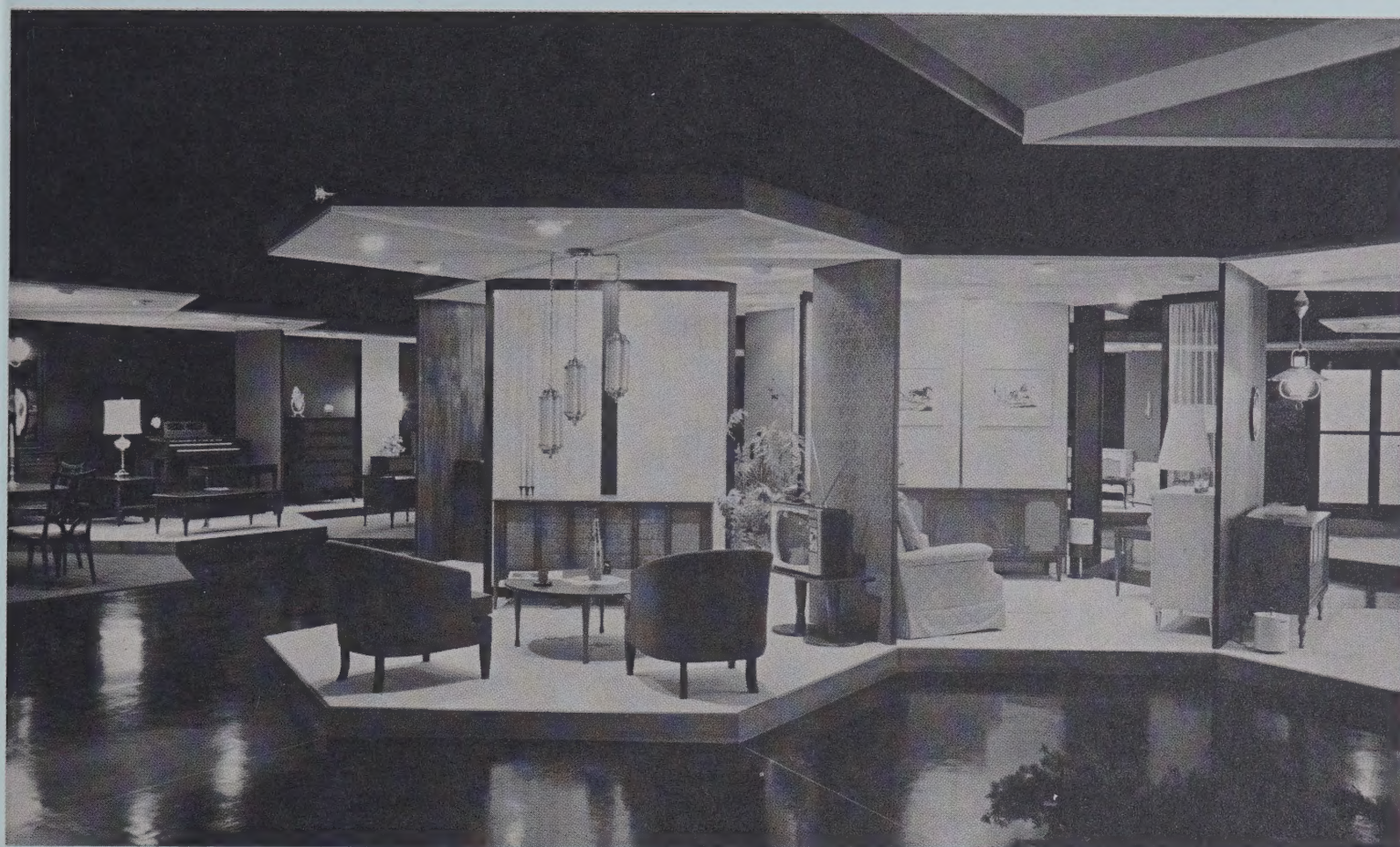
Consumer demand for Electrohome designs and superb craftsmanship has grown each year. Engineering excellence is attested by a fantastic listing of "Famous Firsts"—exclusive satellite sound being a popular example. This listing will continue to grow and it should be accepted that industry plagerism will be a popular compliment for engineers at Canada's largest stereo-TV laboratories.

Since Electrohome is Canada's only manufacturer of home entertainment products boasting its own furniture production facilities, quality continuity is guaranteed. The exhausting care that goes into every Electrohome and Deilcraft product has received unswerving approval from all discriminating buyers.

An Exclusive Franchise Agreement has become the company's code of ethics for distribution. A unique partnership between dealer and company makes the consumer the ultimate benefactor. Profits are planned and protected, service assured and an atmosphere of confidence and reliability established with men of integrity. This "friendly" way of doing business has attracted 4,200 North American dealer neighbours and millions of consumer friends.

To guarantee that Electrohome will continue as Competition, Profit Sharing has been the foundation for planned progress. The involvement of company members in products, profits and progress, for their benefit as well as the consumer, has become the tradition in every company endeavour.





Electrohome's progressive corporate image is expertly expressed in its unique new Showroom.

The largest stereo hi-fi and television research labs in Canada maintain electronic leadership.

Design elegance and superb craftsmanship are dominant in this award-winning Montego cabinet.





DOMINION ELECTROHOME INDUSTRIES LIMITED - KITCHENER, ONTARIO

April 22, 1964

Mr. Douglas Scurr
Business Editor
The Globe and Mail
140 King Street West
Toronto, Ontario

Dear Doug

Earlier this year we forwarded for your appraisal, unaudited financial figures on Dominion Electrohome Industries Limited for the year 1963. At that time we commented that a copy of our annual report would follow.

We are pleased to provide Electrohome's 1963 annual report for your perusal and also will forward highlights of C.A. Pollock's president's message prior to the April 29 annual meeting of shareholders.

Sincerely yours,

Robert P. Lovell
Public Relations Manager

RPL/m

Encl.

